



STATE OF WASHINGTON  
ENERGY FACILITY SITE EVALUATION COUNCIL

*PO Box 43172 • Olympia, Washington 98504-3172*

**July 12, 2005 Monthly Meeting Minutes**

**1. CALL TO ORDER**

Chair Luce called the June 12, 2005 monthly meeting to order at 925 Plum Street S.E., Building 4, Room 308, at 1:30 p.m.

**2. ROLL CALL**

Council members present were:

Hedia Adelsman

Chris Towne

Judy Wilson

Tim Sweeney

Patti Johnson (via phone)

Jim Luce

Department of Ecology

Department of Fish and Wildlife

Department of Natural Resources

Utilities and Transportation Commission

Kittitas County

Chair

**Staff in attendance were:**

Allen Fiksdal – EFSEC Manager, Mike Mills – Compliance Manager, Irina Makarow – Siting Manager, Mariah Laamb – Council Secretary, Ann Essko – Council Attorney

**Guests in attendance were:**

Richard Fryhling; Darrel Peeples – Attorney; Chris Mulick – Tri-City Herald; Curt Leigh – Fish & Wildlife, John Lane and Michael Tribble – Counsel for the Environment; Jeff Tayer – Fish & Wildlife; Peter Dykstra & Bob Betcare – Trust for Public Land; Mark Anderson – CTED Energy Policy; Alan Harger – Dept. of Transportation

**Guests attending via phone:**

Mot Hedges – Energy Northwest; Rick Jones – Walla Walla Conservation District; Scott Williams – Puget Sound Energy

**3. ADOPTION OF PROPOSED AGENDA**

The agenda was presented to the Council for amendments or additions. The agenda was accepted with the addition of “Cost Allocation” under “Other.”

#### 4. MINUTES

The minutes from the June 14, 2005 monthly meeting were presented for adoption. **Motion: To accept all of the minutes as proposed. Chris Towne made the motion and Hedia Adelsman seconded the motion. The minutes were approved unanimously.**

#### 5. WILD HORSE WIND POWER PROJECT

<b>Recommendation to Governor – Status</b>	<b>Irina Makarow, EFSEC</b>
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Irina Makarow reported that the Governor was expected to make a decision on the Wild Horse Project this week or next. EFSEC staff would then perform public notice of the Governor's decision using various means. EFSEC staff had not received any information from the Governor's office regarding how, when and where the decision would be made. Staff will keep the Council updated on any developments.

#### 6. PROJECT UPDATES

##### **Columbia Generation Station**

<b>Operations</b>	<b>Mot Hedges, Energy Northwest</b>
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Mot Hedges reported that Columbia is online and operating at 100 % power.

##### **WNP-1/4**

<b>Offsite Environmental Mitigation</b>	<b>Allen Fiksdal, EFSEC Manager</b>
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Allen Fiksdal presented Draft Council Resolution No. 313, WNP-1/4 Site Restoration – Offsite Environmental Mitigation. The purpose of the resolution is to document the council's approach for evaluating and approving requests for funding of mitigation projects pursuant to the Four-Party Agreement for WNP-1/4 Offsite Mitigation.

The council considered a previous draft of this resolution at their Special meeting held the morning of July 12, 2005. Since that time, in addition to the revisions discussed during the Special meeting, several grammatical changes were identified by Councilmembers and staff.

Allen Fiksdal proceeded to review the resolution: the history of WNP-1/4 restoration efforts that led to the Four-Party Agreement and payment of \$3.5 million of mitigation funds to the state of Washington; conditions under which these funds can be distributed to mitigation projects; review of the process for acquisition of the Badger Mountain property in Benton County; and finally the resolution proper, and the criteria that would be used to guide future Council approvals of Offsite Environmental Mitigation Projects.

A Subcommittee of Councilmembers composed of members Fryhling, Towne and Adelsman performed much of the work associated with creating the criteria; Mr. Fiksdal requested that the Council affirm that work and the subcommittee's May 17, 2005 Memorandum. The Council noted the work of the subcommittee and recognized and affirmed the May 17, 2005 Memorandum.

In response to a question from Tim Sweeney, Allen Fiksdal and Mike Mills summarized how the \$3.5 million in mitigation funds would be spent:

51% percent of the funds would be spent in Benton County, with a first approval of \$485,000 for the Badger Mountain Project. The balance, \$1.4 million, would be spent on projects outside Benton County.

Councilmember Towne summarized the consultation that had taken place with WDFW as required by the Four-Party Agreement, including meetings with WDFW Director Jeff Koenings, and WDFW staff, Jeff Tayer in particular. Councilmember Towne indicated that the minutes of the May 17, 2005 subcommittee meeting reflected the discussion by the subcommittee members. The draft resolution before the council incorporates the 5 primary elements recommended as criteria by the subcommittee, and therefore acknowledges the memorandum.

**Motion: That the Council adopt Resolution No. 313, WNP-1/4 Site Restoration – Offsite Environmental Mitigation, with changes and revisions as discussed at the Special Council meeting on July 12, 2005. The motion was made by Councilmember Towne. It was seconded by Councilmember Adelsman. The resolution was unanimously approved.**

Chair Luce introduced our newest Council member, Ms. Judy Wilson from the Department of Natural Resources. She has replaced Tony Ifie, who served the Council for the past four years. Ms. Wilson was appointed to the Shorelines Hearings Board as the DNR designee in February 2001. Prior to her appointment as DNR designee, she also was the Washington State Association of Counties representative on the Board for 7 of 8 years as a Thurston County Commissioner. During her term as County Commissioner, she was appointed to the State Building Code Council and the Blue Ribbon Transportation Commission. Judy has also spent 10 years in nursing, 11 years in real estate and 7 years as a home loan officer. The Council and staff welcomed Judy to her new position on the Council.

<b>Approval of Funding for Two Mitigation Projects</b>	<b>Mike Mills, EFSEC</b>
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Skookumchuck Conservation Project

Peter Dykstra from the Trust for Public Land (TPL), presented TPL's request for funding (\$1.7 million) of the Skookumchuck Conservation Project. The Project consists of the purchase of 17,500 acres of shrub-steppe habitat in eastern Kittitas County. TPL proposes that at the conclusion of the transaction, project lands would go into WDFW ownership. Referring to a map of the Skookumchuck Project, Mr. Dykstra indicated that the Project would consist of lands located between two large existing state wildlife areas, the Whiskey Dick and the Quilomene, and a significant amount of lands to the north and west of the Wild Horse Wind Power Project. The Skookumchuck Project would not include the area encompassed by the Wild Horse Wind Power Project, nor small portions of lands to the north and east of the Wild Horse Project. The Skookumchuck Project area is critical habitat for bighorn sheep, elk and sage grouse, and would constitute a valuable corridor joining the two areas already under state control. Protection of the Skookumchuck Project area would also allow protection of the entire watershed of Skookumchuck Creek, and a large portion of the Parke Creek drainage. Skookumchuck Creek supports spawning and rearing of endangered upper Columbia River steelhead.

The Project will be conducted in three phases. Each phase will acquire different portions of land, with exact acreages to be determined at a later date. \$1.7 million is being requested from EFSEC to fund Phase I of the acquisitions; Phase I is required to close by November 2005.

\$500,000 has also been committed by the Legislature for completion of Phase I. Phases II and III will leverage remaining funds required (approximately \$5.5 million). The entire value of the Project will be \$7 million or more. The project has wide community support, including conservation groups, cattlemen, and the Economic Development Group of Kittitas County.

In response to Councilmember Towne, Mr. Dykstra indicated that at this time the choice of lands that would be acquired under Phase I was still flexible, and depended on the appraised value. Whereas acquisition of the lands to the east would link the two existing state-owned areas, lands in the west portion are more at risk from development. Bob Betcare, TPL, indicated that the initial appraisal expected in August 2005 would be refined, allowing further negotiations and selection of lands for acquisition under Phase I. Overall, if the Council grants the entire request, approximately 1/3 of the land would be purchased in Phase I.

In response to councilmember Wilson, Mr. Dykstra clarified that acquisition of the lands would have benefits even if recreational uses (such as off road vehicle uses) could continue, because such uses would be better controlled. Furthermore, the Project has many conservation values beyond protection of pristine shrub-steppe habitat, including protection from build out, connectivity between existing wildlife areas, and ecosystem benefit for sage grouse habitat. The Project would also allow better management of the area for grazing in a conservation oriented manner. Mr. Tayer for WDFW added that the entire area has been used as a working cattle ranch, and there is no ungrazed area left; however, long-term conservation and a grazing plan will be used to improve existing habitat.

In response to Chair Luce's inquiry whether TPL would accept less funding than the \$1.7 million requested in their letter, Mr. Dykstra indicated that TPL is trying to raise as much funding as possible. TPL has not yet received a position from the Kittitas County, although they have been in communication with County Commissioners.

Finally, in response to Councilmember Adelsman's question, Mr. Dykstra indicated that WDFW would determine whether development of a wind project would be permitted on areas marked in black outline on the map. Jeff Tayer added that WDFW will make payment in lieu of taxes, as required by the legislature.

#### Hofer Dam Fish Passage Project

Rick Jones, representing the Walla Walla Conservation District (WWCD), presented the Hofer Dam Fish Passage Project. Hofer Dam is a 100-year old dam constructed for water diversion, and has been serving both eastside and westside irrigation districts in the Touchet area. All regional fish recovery planning projects have identified dam passage issues as the limiting factor on salmonid (Bull Trout, Steelhead and Chinook) recovery. Ecosystem Diagnostic and Treatment (EDT) model runs have indicated that steelhead runs would increase by 30% if the dam was removed. He underlined the importance of the Touchet area as one of two key salmonid spawning and rearing areas in the Walla Walla drainage.

The Project is supported by the area's two state legislators and senator, county commissioners, the Salmon Recovery Funding Board (SRFBoard), and the Walla Walla Watershed Alliance. The Project is one of the essential means that has been identified for recovery of these endangered species.

The WWCD has applied to the SRFBoard for funding of an engineering and feasibility study that would allow permitting of Dam removal, phase I of the Project. Application for funding (in the amount of 1-1.5 million dollars) from the SRFBoard for Phase II is expected to be submitted

in October 2005. EFSEC's contribution would provide cost-share for funding, and a 15% deposit enhances the probability that SRFBoard funding would be obtained.

In response to Councilmember Towne's and Chair Luce's questions, Mr. Jones indicated that a feasibility study had been completed and a Project alternative had been chosen and agreed upon. Project advocates are in the process of hiring a consultant to complete the preliminary cost estimate by Early 2006. The SRFBoard would pay for this task. Only one landowner is involved in the transaction, but the WWCD has not begun negotiations for acquisition of the property. The Draft letter of intent is in keeping with WWCD's anticipation. Mr. Jones believes that the project will be funded by the SRFBoard in latter 2005. If SRFBoard funding fails, the Umatilla Tribe will attempt to secure funding from the Bonneville Power Administration. In the interim, the WWCD will submit an application to the SRFBoard based on the preliminary cost estimate, and expects to meet the application deadline of January 2005.

Chair Luce reviewed the two letters of intent before the Council. Of the \$3.5 million in offsite mitigation funds, \$1,785,000 would be expended in Benton County. Of the \$1,715,000.00 remaining, \$1.3 million would be targeted for the Skookumchuck Conservation Project, and \$400,000 would be targeted for the Hofer Dam Project. The remaining \$15,000 would be used to cover Council expenses for site visits and staff costs.

**Motion: To approve two letters as drafted with changes proposed by Council and to authorize staff and the Council Chair to negotiate on terms and conditions, consistent with Council intent, with final action on funding approval by the Council. The motion was made by Chris Towne. It was seconded by Judy Wilson.**

Discussion: Councilmember Wilson requested that negotiations on the Skookumchuck Conservation district focus on the corridor between the two areas of state owned lands to preserve connectivity of the wildlife areas.

**The Motion was approved unanimously.** The letters would be forthcoming.

<b>Badger Mountain Ceremony</b>	<b>Jim Luce, Chair</b>
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Chair Luce reported a delightful ceremony occurred on June 23, 2005 when the Governor congratulated all parties concerned with the Badger Mountain acquisition and preservation of shrub steppe habitat for Benton County. The Governor made a lengthy speech to a crowd of about 200 persons at the Richland winery where the ceremony was held. Emotions and excitement for the completion of the project and presentation of the check were very high, and it was clear how important this preservation purchase was to the local community. Thanks to the Trust for Public Lands who arranged the celebration.

### **Chehalis Generation Facility**

<b>Operations</b>	<b>Mike Mills, EFSEC</b>
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Mr. Mills spoke with Duncan McCaig, plant manager this week and he reported the plant is currently not operating due to economic reasons; he hopes to be operating at normal levels again soon.

## **7. CHAIR'S REPORT**

Chair Luce reported the Governor is very committed to renewable resources and he will do all he can to support the Governor's commitment to renewable resources if EFSEC receives applications of this type.

## **8. OTHER**

<b>Cost Allocation 1<sup>st</sup> Quarter FY 2006</b>	<b>Allen Fiksdal, EFSEC Manager</b>
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Mr. Fiksdal provided to all Council and staff the new cost allocation percentages for the first quarter of fiscal year 2006, used to allocate EFSEC's non-direct costs for July 1 – September 30, 2005. A copy of the cost allocation percentages will be sent to all EFSEC applicants and certificate holders.

<b>New Council for the Environment</b>	<b>John Lane, AGO</b>
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John Lane, Council for the Environment on the Wild Horse and Kittitas Valley Wind Power projects announced today he is moving to the Office of Financial Management – Executive Policy Office replacing Dick Van Wagenen as a Policy Advisor. This move is effective July 18, 2005 and he will be replaced temporarily by Mike Tribble of the Attorney General's Office.

## **9. ADJOURN**

With no further business, Chair Luce adjourned the meeting at 2:30 p.m.